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SENSITIVE
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E.O. 12958: N/A
TAGS: KIPR ECON ETRD CH
SUBJECT: Copyright Infringement at the Canton and Jinhan Fairs

REFERENCE: 06 Guangzhou 32092

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¶1. (SBU) SUMMARY: Representatives from U.S. and Canadian art publishing companies noticed a slight decline in the number of infringing vendors at the Canton Fair on April 25, but spotted numerous repeat offenders. The overall reduction likely owes more to current market trends than IPR enforcement. The IPR complaint centers at the Canton and Jinhan fairs were strikingly different: the former was well staffed by several government agencies and the latter was staffed by two untrained employees. However, both fairs had English-language materials and the Canton Fair recently instituted more stringent penalties for infringers. END SUMMARY.

¶2. (SBU) Econoff accompanied representatives from three art publishing companies to the Canton Import and Export Fair on April 25 to survey levels of infringement. The companies, Art in Motion (based in British Columbia but representing U.S. copyright holders), Wild Apple (based in Vermont), and Bentley (based in California), are among the largest art publishers in North America and are members of the Art Copyright Coalition. Separately, Econoff visited the IPR complaint centers of the Canton Fair and Jinhan Fair, a concurrent fair that also sells home decorations. The Canton Fair is a government-sponsored fair while Jinhan is a private venture.

Fewer Infringing Goods, But Less Art Overall

¶3. (SBU) The company representatives noticed fewer infringers at the Canton Fair than previous sessions (see refTEL for their experiences at the October 2006 fair). However, this is likely a result of fewer art prints on display overall. Larry Sullivan, President of Art in Motion, said the current market trend is away from art prints and toward crafts and other types of wall hangings. Nevertheless, he said the quality of infringing artwork has improved significantly over previous sessions - in some cases equaling that of the original pieces.

¶4. (SBU) The Art in Motion representatives located seven of 13 exhibitors identified as infringers at the October 2006 session. All seven were displaying infringing items again. The remaining six were, most likely, either not displaying at this fair or had changed

their company names. Across the street, in a small home decoration fair located in a hotel, the representatives found a vendor selling their company catalogues. For a fee of USD 50, a buyer could get a customized CD with hundreds of illegal images of U.S. copyrighted material.

¶ 15. (SBU) In the past, the companies have hired lawyers to accompany them to the Canton Fair, but this has proven prohibitively expensive. This time they came by themselves to assess the rate of piracy, but did not prepare any documentation (i.e., the notarized and legalized proofs of copyright ownership required at the IPR Complaint Center). Sullivan said he was doubtful that the recently announced stronger penalties at the Canton Fair would significantly reduce piracy - largely because companies can easily change names to avoid detection. He said he strongly supports the WTO complaint recently brought by the United States regarding China's IPR enforcement.

Canton Fair IPR Complaint Center

¶ 16. (SBU) The Canton Fair's IPR Complaint Center was staffed by officials from the Guangdong Administration of Industry and Commerce, Guangdong Copyright Bureau, Guangdong Intellectual Property Office, and the Guangdong IPR Complaint Center (an office set up in 2006 to handle public IPR inquiries via telephone and email). University students provided English interpretation. The Center had English copies of complaint procedures and regulations, and for the first time had English copies of complaint submission forms. When asked whether companies can use evidence collected at the trade fair in separate administrative or legal cases, the staff said they did not believe so, but seemed unsure of their answer.

¶ 17. (SBU) Under new regulations issued prior to the current session

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of the fair, exhibitors who infringe on trademarks at two sessions of the fair, or infringe on copyrights or patents at three sessions (or two consecutive sessions), will be banned from the next four sessions. (Previously, exhibitors caught three times were banned from only one session.) In addition, exhibitors will be banned from the next six sessions if they display items for which they have previously been penalized, administratively or judicially. This penalty was imposed in one reported case during the current session of the Canton Fair. The fair's IPR complaint center received 203 complaints during the first half of the fair (April 15-20), down 15 percent from the October fair.

Jinhan Fair IPR Complaint Center

¶ 18. (SBU) The Jinhan Fair, which is adjacent to the Canton Fair, includes a home decoration session that lasts for six days. The fair is run by a private enterprise and the fair's IPR Complaint Center is staffed by two young employees of the company. The employees, who have little to no IPR training, said they contact staff at the Canton Fair's IPR Complaint Center if they need assistance (for example, verifying documents). They said they received no IPR-related complaints at the October 2006 session of the fair, apart from those lodged by Art Copyright Coalition members, and had received "very few" complaints halfway through the current session.

¶ 19. (SBU) The fair's IPR complaint center had English copies of complaint submission forms, letters of commitments issued to infringing exhibitors, and general complaint procedures. Included in the contract that exhibitors sign is a clause stating they will not display infringing goods. When asked about penalties for infringers, the staff said exhibitors are banned from one session of the fair if they are caught displaying counterfeit goods at "several" sessions. When asked to clarify "several", they said between three-and-five.